

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 4946.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

EXPORT WORKING CAPITAL LOAN IMPROVEMENT ACT OF 2000

Mr. MANZULLO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4944) to amend the Small Business Act to permit the sale of guaranteed loans made for export purposes before the loans have been fully disbursed to borrowers.

The Clerk read as follows:

H.R. 4944

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Export Working Capital Loan Improvement Act of 2000".

SEC. 2. SALE OF GUARANTEED LOANS MADE FOR EXPORT PURPOSES.

Section 5(f)(1)(C) of the Small Business Act (15 U.S.C. 634(f)(1)(C)) is amended to read as follows:

"(C) each loan, except each loan made under section 7(a)(14), shall have been disbursed to the borrower prior to any sale."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. MANZULLO) and the gentleman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4944 makes a technical correction to the Export Working Capital Guarantee Program of the Small Business Administration. The export working capital program provides a 90 percent guarantee for revolving capital needs covering up to \$750,000 for small business exporters.

However, this is a very underused program. Only 429 international trade loans were facilitated by this program in 1999. The problem is that the SBA would like to be able to sell these loans on the secondary market. However, secondary market sales of guaranteed loans are conducted infrequently. Current law requires that all 7(a) loans, including export working capital loans, must be fully disbursed to the borrower prior to becoming included in the secondary market sale.

Export working capital loans are often approved, disbursed, and repaid

so quickly that they miss the window of opportunity for inclusion in a secondary market sale.

The purpose of the Export Working Capital Loan Improvement Act of 2000 is to exempt export working capital loans from the disbursement requirement under the SBA's 7(a) loan program. This change will allow export working capital loans to be sold to the secondary market. Passage of H.R. 4944 hopefully will free up more trade financing for small business exporters.

□ 1215

The lack or the complexity of trade finance is a major barrier to small businesses.

Last month, I participated in a forum in Rockford, Illinois, in the district I represent, a forum which was sponsored by the Office of International Trade at the SBA to encourage more local banks to become interested in trade finance. This is a difficult process, because even in this era of globalization, many bankers are still not quite sure how they can be repaid for international loans.

H.R. 4944 will remove the uncertainty for small or international trade loans administered by the SBA. The bill will make trade finance a more attractive option for banks. Increasing the availability of export finance thus will encourage more small businesses to enter into the trade arena.

Mr. Speaker, if my colleagues have seen the recent headlines about U.S. trade deficits hitting another record, we must be concerned, as I am, about our national export strategy. For the month of July, U.S. exports dropped 1.5 percent.

While this bill is surely not a cure-all to this program, it is one small step we can take to encourage more lenders to offer trade finance to small business exporters.

Mr. Speaker, I urge my colleagues to support me and join me in voting for the Export Working Capital Loan Improvement Act of 2000.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 4944, the Export Working Capital Loan Improvement Act of 2000. The change proposed in this bill will make an exception to the requirement that export working capital loans will fully be disbursed before they can be sold on the secondary market.

This exception would only be carved out for export working capital loans and will not apply to any other SBA loan programs. This change is necessary so that SBA can sell export working capital loans on the secondary market. Selling loans on the secondary market is an important part of the SBA's financial planning, as it keeps

the subsidy rate for the loan programs down, therefore requiring less direct appropriation from Congress.

Mr. Speaker, the Export Working Capital Program, a combined effort of the SBA and the Ex-Im Bank, is an important program that provides short-term working capital to small business exporters. The two agencies have joined their working capital programs to offer an efficient, unified approach to the Federal Government's support of export financing.

The technical change in this bill is important to the long-term stability of the Export Working Capital Loan Program, and, more importantly, to the small businesses that use the program.

According to a joint SBA and Commerce Department study, nearly 97 percent of the U.S. firms engage in exporting our small businesses. This same study shows that small business accounts for nearly one-third of total U.S. export sales.

And according to U.S. Census Bureau data, about 88 percent of the U.S. companies engage in exporting are small business with fewer than 100 employees. Small businesses are the engine driving our economy; as such, small business exporters play an important role in our economic success.

Mr. Speaker, I would like to commend the sponsor of the bill, the gentleman from Illinois (Mr. MANZULLO), for bringing this matter to our attention. This problem is an example of the unintended consequences that statutes can have, and it says a lot about the nature of the Committee on Small Business that we caught the problem and are working to correct it in a bipartisan manner.

Again, I support the legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MANZULLO. Mr. Speaker, I have no more speakers, and I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I, first of all, want to commend my colleague, the gentleman from Illinois (Mr. MANZULLO), for introducing this legislation.

Mr. Speaker, I rise in strong support of H.R. 4944, the Export Working Capital Loan Improvement Act. The Export Working Capital Loan Improvement Act of 2000 makes a technical correction to the Small Business Act that will enable the Small Business Administration to sell export working capital loans on the secondary market.

This program provides transaction-specific financing of loans of \$833,333 or less. Small business exporters may use this program for preexport financing of labor and materials, financing receivables generated from these sales and/or standby letters of credit used as performance bonds or payment guarantees to foreign buyers.